



Senate

General Assembly

File No. 395

January Session, 2001

Substitute Senate Bill No. 1233

Senate, April 23, 2001

The Committee on Environment reported through SEN. WILLIAMS of the 29th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT RESOURCES RECOVERY AUTHORITY POWERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 22a-267 of the general statutes is repealed and the following
2 is substituted in lieu thereof:

3 The authority shall have the power to:

4 (1) Accept gifts, grants or loans of funds, property or service from
5 any source, public or private, and comply, subject to the provisions of
6 this chapter, with the terms and conditions thereof;

7 (2) Receive funds from the sale of the bonds or other obligations of
8 municipal and regional authorities and from the sale of obligations of
9 the authority and its real and personal properties;

10 (3) Receive funds or revenues from the sale of products, materials,
11 fuels and energy in any form derived from the processing of solid

12 waste by systems, facilities and equipment under its jurisdiction, and
13 receive revenues in the form of rents, fees and charges paid by units or
14 agencies of state and local government, and by private persons and
15 organizations, to compensate the authority for the use of its facilities or
16 the performance of its services;

17 (4) Accept from a federal agency loans or grants for use in carrying
18 out its purposes and enter into agreements with such agency
19 respecting any such loans or grants;

20 (5) Make loans to any municipal or regional authority or to any
21 person for the planning, design, acquisition, construction,
22 reconstruction, improvement, equipping and furnishing of a waste
23 management project, which loans shall be secured by loan agreements,
24 contracts or any other instruments or agreements with respect to the
25 use of fees and charges, upon such terms and conditions as the
26 authority shall determine reasonable in connection with such loans,
27 including provisions for the establishment and maintenance of reserve
28 funds, and in the exercise of powers granted in this section in
29 connection with the project for any such municipal or regional
30 authority or private person, to require the inclusion in any contract,
31 loan agreement or other instrument, of such provisions for the
32 construction, use, operation and maintenance and the payment of
33 operating and other costs of a project as the authority may deem
34 necessary or desirable, and in connection with the making of such
35 loans, the authority may purchase, acquire and take assignments and
36 the notes and bonds of municipal or regional authorities and persons
37 and receive other forms of security and evidences of indebtedness, and
38 in furtherance of the purposes of this chapter and to assure the
39 payment of the principal and interest of such loans, and in order to
40 assure the payment of the principal and interest on bonds or notes of
41 the authority issued to provide funding for such loans, may attach,
42 seize, purchase, acquire, accept or take title to any project by
43 conveyance, and may sell, lease or rent any such project for a use

44 specified in this chapter;

45 (6) The directors of the authority may by resolution, in accordance
46 with the provisions and stipulations of this chapter and the authority's
47 general and other bond resolutions, authorize both the segregation of
48 such authority revenues as may at any time be adjudged by said
49 directors to be surplus to the needs of the authority to meet its
50 contractual and other obligations and to provide for its operations or
51 other business purposes, and the equitable redistribution of such
52 segregated surplus revenues to some or all of the users of the system in
53 accordance with applicable provisions of the state solid waste
54 management plan;

55 (7) (A) In connection with, or incidental to, the issuance or carrying
56 of bonds, or acquisition or carrying of any investment or program of
57 investment, the authority may enter into any contract which the
58 authority determines to be necessary or appropriate to place the
59 obligation or investment of the authority, as represented by the bonds,
60 investment or program of investment and the contract or contracts, in
61 whole or in part, on the interest rate, currency, cash flow, or other basis
62 desired by the authority, including, without limitations, contracts
63 commonly known as interest rate swap agreements, currency swap
64 agreements, forward payment conversion agreements, futures, or
65 contracts providing for payments based on levels of, or changes in,
66 interest rates, currency exchange rates, stock or other indices, or
67 contracts to exchange cash flows or a series of payments, or contracts,
68 including, without limitation, interest rate floors or caps, options, puts
69 or calls to hedge payment, currency, rate, spread, or similar exposure
70 or, contracts for the purchase of option rights with respect to the
71 mandatory or optional tender for purchase or redemption of bonds,
72 notes or other obligations of the authority, which are subject to
73 mandatory or optional tender or redemption, including the issuance of
74 certificates evidencing the right of the owner to exercise such option
75 rights. These contracts or arrangements may also be entered into by

76 the authority in connection with, or incidental to, entering into or
77 maintaining any agreement which secures its bonds, notes or other
78 obligations, subject to the terms and conditions thereof respecting
79 outstanding obligations.

80 (B) Bonds issued by the authority may be payable in accordance
81 with their terms, in whole or in part, in currency other than lawful
82 money of the United States of America, provided the authority enter
83 into a currency swap or similar agreement for payments in lawful
84 money of the United States of America, which covers the entire
85 amount of the debt service payment obligation of the authority with
86 respect to the bonds payable in other currency, and provided further,
87 that if the term of that agreement is less than the term of the bonds, the
88 authority shall include a best efforts covenant to enter into additional
89 agreements as may be necessary to cover the entire amount of the debt
90 service payment obligation.

91 (C) In connection with, or incidental to, the issuance or carrying of
92 bonds, notes or other obligations or entering into any of the contracts
93 or agreement referred to in subparagraph (A) of this subdivision, the
94 authority may enter into credit enhancement or liquidity agreements,
95 with payment, interest rate, currency, security, default, remedy and
96 other terms and conditions as the authority determines;

97 (8) Enter into any contractual arrangement with any person to
98 obtain rights from or in an invention or product, or the proceeds
99 therefrom, or rights to any and all forms of equity instruments,
100 including, but not limited to, common and preferred stock, warrants,
101 options, convertible debentures, limited and general partnership
102 interests and similar types of instruments, in connection with the
103 development or operation of any system, facility or technology based
104 on or related to resources recovery, recycling, reuse, treatment,
105 processing or disposal of solid waste, including any electric generation
106 facility designed and operated for the purpose of reducing the

107 environmental impact of processing the state's solid waste stream by
108 utilizing municipal solid waste as a fuel, or the remediation and
109 redevelopment of sites owned, leased or controlled by the authority in
110 order to exercise its powers pursuant to this section, provided any net
111 revenue to the authority from activities, contracts, products or
112 processes undertaken pursuant to this subdivision shall be distributed
113 so as to reduce the costs of other authority services to the users thereof
114 on a pro rata basis proportionate to costs paid by such users.
115 Notwithstanding the provisions of this subdivision, the authority shall
116 not perform residential or commercial waste collection services in the
117 state other than services permitted under the provisions of this chapter
118 rendered at any landfill, waste disposal, waste transfer or waste
119 processing facility provided the authority may otherwise assist in the
120 exercise of the powers conferred by chapter 103b, and the authority
121 shall not develop, redevelop, operate or remediate any electric
122 generation facility or any site acquired after July 1, 2001, for such
123 facility for any other purpose other than to reduce the environmental
124 impact of processing the state's solid waste stream.

ET *Joint Favorable Subst. C/R*

ENV

ENV *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Connecticut Resources Recovery Authority
(quasi-public)

Municipal Impact: See Explanation Below

Explanation**State and Municipal Impact:**

This legislation could increase the State's contingent liability by broadening Connecticut Resources Recovery Authority's (CRRA's) ability to enter into contracts with additional sectors and thus increasing the uses of CRRA bond proceeds that could be secured with a special Capital Reserve Fund (SCRF). A SCRF provides additional security for bonds issued by the entity and allows the entity to issue indebtedness backed by the General Fund resources of the State, since the State is obliged to restore a SCRF to a minimum level. CRRA bonds are generally secured by service agreements with participating municipalities under which the municipalities agree to deliver a minimum amount of waste to a specified facility each year or to pay the tipping fee for any amount that does not meet the minimum commitment. These service agreements are generally secured by the municipality's full faith and credit. CRRA bonds are generally additionally secured by revenues from the sale of energy generated by the facility and waste from non-municipal sources. By statute, CRRA

may not issue any bonds or notes or owe money unless it is approved by the State Treasurer or his deputy. Therefore, it is assumed that no General Fund resources will be needed.

CRRA's authorized SCRF or guaranteed debt as of 11/1/00 is \$725 million and their outstanding SCRF or guaranteed debt as of 11/1/00 is \$317.2 million.

Surplus revenue from any new activities undertaken by CRRA would, like current surplus revenue, be used to reduce the costs of authority services to the users of the authority including the State and municipalities.

OLR Bill Analysis

sSB 1233

***AN ACT CONCERNING CONNECTICUT RESOURCES RECOVERY
AUTHORITY POWERS.*****SUMMARY:**

This bill expands the Connecticut Resource's Recovery Authority's (CRRA) power to enter into contracts. By law, CRRA can enter into contracts, in connection with resources recovery and solid waste management, to obtain rights (1) from or in any invention or product or its proceeds or (2) to any stock, partnership interest, or other type of equity instrument. The bill specifies that CRRA may enter into contracts connected with the development or operation of any system, facility, or technology based on or related to: (1) certain electric generation facilities and (2) the remediation and redevelopment of sites CRRA owns, leases, or controls.

The generation facilities are those designed and operated to reduce the environmental impact of processing the state's solid wastes by using municipal solid waste (garbage) as a fuel. The bill limits CRRA's authority to develop, redevelop, operate, or remediate (1) any electric generation facility or (2) any site acquired after July 1, 2001 for such a facility to those used to mitigate the environmental impact of processing solid waste. Thus, it appears that this provision would preclude CRRA from remediating or continuing to operate its existing electric generation facilities other than those that burn solid waste.

By law, CRRA must distribute the net revenue from its contracts to reduce its users' costs on a pro rata basis.

EFFECTIVE DATE: October 1, 2001

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute Change of Reference

Yea 16 Nay 0

Environment Committee

Joint Favorable Substitute

Yea 28 Nay 0